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Automotive News.

Detroit, December 7, 1981

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Japanese balk at threats of new U.S. import curbs

By Jake Kelderman
Washington Staff Writer

The debate over Japanese car exports to the U. S. continued to pick up steam last week as government officials in Tokyo said they would not agree to a request by the U. S. to revise the current voluntary restraint agreement for 1982.

Transportation Secretary Drew Lewis, in Tokyo, has been warning Japanese auto makers that such a review may be necessary in light of the continued domestic auto sales slump in the U. S.

Takashi Ishihara, president of Nissan Motor Co. and chairman of the Japan Automobile Manufacturers' Assn., said his industry could not further restrict vehicle shipments below the 1981 level of 1.68 million units agreed to by the country's 11 auto makers.

Ishihara said Nissan would reject any further reduction of exports to the U. S., even if asked to do so by the Japanese government. He said maintaining the 1981 level of exports is a "matter of life or death" for the Japanese auto industry, which faces a depressed home market and declining profits.

Meanwhile in Washington, U. S. trade officials displayed a marked toughening of their stance toward the Japanese in their testimony before a Senate Subcommittee.

The hearings on U. S.-Japan trade and the state of the auto industry preceded talks that are to open this week between U. S. and Japanese trade officials.

Under the voluntary import restrictions worked out with the Japanese government last spring, Japanese car makers are to deliver no more than 1.68 million units to this country through next March. Through September they have delivered 905,223 units, down 1.7 percent from 1980 levels.

Imports will need to decline an additional 12.1 percent if the Japanese are to reach the agreed-upon level of restraint.

Trade officials said they fully expect that to happen but noted that because of the poor sales of U. S. cars, the Japanese would still end up taking 19.3 percent of the market, a full 2.5 percentage points more than what had been predicted last spring.

• The trade officials said they were also somewhat concerned that the agreement calls for Japan to determine import restraints for next year based on the Japanese sales projections. This would be a prime topic of debate when U. S. trade officials meet with their Japanese counterparts this week, they said.

U. S. Assistant Secretary of State for Economic and Business Affairs, Robert D. Hormats, said the issue of auto parts will be taken up at that time too.

Hormats said the Japanese are reneging on agreements to increase their imports of auto parts, apparently under the notion that because they have agreed to limit their auto exports little more need be done to satisfy U. S. demand for fairness in trade with the country.

Under an agreement reached last year, the Japanese were to send trade missions here with the understanding they would purchase up to $300 million in American auto parts.

To date, only $64 million has been bought and "even this total depends on the inclusion of chemical catalysts and cattle leather, of which a substantial portion are probably destined for nonautomotive uses," Hormats said.

Hormats said the trade mission has not resulted in a steady stream of new business and that parts exports to Japan this year will probably decrease in comparison to last year.

The Commerce Department has been able to identify only $5.5 million in actual new business, he said, noting that in contrast Japanese auto parts exports reached $3.8 billion in 1980, which is up nearly 30 percent from 1979. About $1.8 billion of that came to the U. S.,

Saudi Arabian market tilts from Japan to U.S.

By Dave Kaiser
Staff Correspondent

JEDDAH, Saudi Arabia.—Despite factors which give Japanese automobile manufacturers an edge in competition here over American manufacturers, Saudi Arabian consumers prefer an American car due to its style, elegance and status.

According to Saudi Business, the look of a car—in addition to quality—plays an important role in the Saudi Arabian market. It is for this reason that the upper strata of society prefer American cars which blend the two aspects satisfactorily.

Amr Khalid Hafiz, assistant general manager of the Saudi Research Co. in Riyadh has been using American cars for the last seven years after trying Japanese and Italian models. He now uses General Motors vehicles exclusively, saying he finds them comfortable, elegant, strong and safe. Another factor was the fact that spare parts are readily available.

According to figures announced here at the annual Mideast

Continued on Page 42, Col. 1

breaking news

U. S.-built Renault to be named Alliance

DETROIT. — Renault Alliance is the name of the new front-drive subcompact sedan that will be assembled at American Motors' Kenosha plant, beginning next fall, to be sold through AMC/Renault dealers in the U. S. as an '83 model. The car was introduced earlier this fall in Europe as the R-9. In the U. S., it will be powered by a 1.4-liter four-cylinder engine, with choice of five-speed overdrive or three-speed automatic transmission. The single four-door body style will be joined in '84 by a coupe and a wagon, and diesel and turbo options also may be offered then.

Double U. S. gasoline tax, FHA chief urges

INDIANAPOLIS.—A doubling of the current four-cents-a-gallon federal tax on gasoline to help pay for maintaining the nation's highways was urged at a press conference here by Ray A. Barnhart, head of the Federal Highway Administration. The tax has remained unchanged since 1959, while the price of gasoline has more than quadrupled. An eight-cent tax would raise about $4 billion. Neither President Reagan nor Congress appears to be interested in a tax increase.

See BREAKING NEWS, Page 8, Col. 1

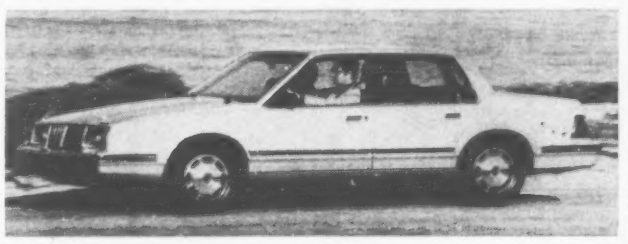
A-cars are a-comin'

Buick Century Limited sedan

The Century, Buick's version of the new General Motors A-body cars, is available as a Custom coupe and four-door sedan and Limited coupe and four-door. Although based on the X-car platform, the A-cars are significantly different in appearance, ride and handling. Story and another photo on Page 28.

New family member

Oldsmobile's family of Cutlass cars has been expanded with the addition of the Cutlass Ciera. The slippery front-drive car has a four-cylinder gasoline engine as standard but upgrading includes V-6 gasoline power or a new V-6 diesel engine. Story, other picture on Page 30.



A taste of Europe

The clean and uncluttered appearance of the Pontiac 6000 gives it a distinctly European flair. The black, flush frames for the windshield and side glass accentuate that flair. Aerodynamics is emphasized, from that air dam seen up front to a little lip on the trunk lid. Story, other picture on Page 18.

Chevy's newest entry

Design objectives for the 1982 Celebrity, Chevrolet's version of the General Motors A-car, included ride characteristics of the Malibu, quietness of the Caprice and handling of the Citation. Offered as a coupe, shown here, and as a sedan in three trim levels, Celebrity's standard equipment includes automatic transmission, power brakes, power steering and match-mounted glass-belted low-rolling-resistance tires. Story, other picture on Page 26.

Camaro, Page 33; Firebird, Page 13.

NEWSPAPER

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Dealer chides those who fight proposed FTC used-car rule

By Jake Kelderman
Washington Staff Writer

WASHINGTON. — New and used-car dealers fighting a proposed Federal Trade Commission used-car rule got a dressing down from one of their own last week.

Dave Eagleson, more than 25 years an Oldsmobile-Cadillac dealer in Olney, Ill., told a House subcommittee holding hearings on vetoing the rule that it was "a disgrace" to him "that the retail used-car industry and its dealer associations still oppose the rule."

This rule requires dealers to tell the customer no more than dealers already know about any car they might be selling, he said. It is not going to hurt business; if anything, it will help, he said.

Eagleson ought to know: His dealership has been inspecting its used vehicles for more than 20 years and disclosing the results of those inspections and remedial actions to customers for the same amount of time.

Even in this, the worst slump the auto industry has been in for a long time, he is still doing pretty well while those around him are hurting or out of business, he said.

Eagleson said he doesn't think much of the NADA arguments against the used-car rule and is more than a little unhappy with it for not disseminating any good things about it.

"Most dealers haven't even read it," he said, "and I venture to say that if they did, many of them wouldn't find it so objectionable."

• Eagleson said any sharp fifth grader can interpret the true meaning of NADA's objections to the used car rule:

"Compliance will cost too much." "Why spend money to find and record things we prefer the buyer didn't know about anyway?"

"The rule will increase our liability." "We're going to be in a lot of trouble if we give unreliable information and don't keep our promises."

"Government regulation is bad for us." "What is good for us is our enduring unregulated buyer-beware policy."

"The rule is ambiguous." "The 10 pages of plainly written English that explain how we can comply with the rule are more than we care to read and comprehend within the next six months."

"I just don't see any problems with this rule and think it could be a help not only to car buyers but to dealers as well," Eagleson said.

NADA and the National Independent Automobile Dealer Assn. have a different view. They argue the rule has the effect of mandating inspection of used cars and thereby opens the dealer to greater liability.

If this rule goes into effect, dealers will have more lawsuits, no "as is" sales and more sales going into the private market, they assert.

Rep. James Florio, New Jersey Democrat and chairman of the House Commerce, Transportation and Tourism Subcommittee, challenged those arguments.

The rule clearly states no inspection is required, he said. "As is" sales will still be allowed (he thought this a bit of a "red herring" since he couldn't see any difference between an "as is" sale by a dealer and an individual because buyer still has recourse under the law. The loss of sales to the private market argument is purely speculative, Florio said.

"The nation is experiencing an unprecedented boom in used-car sales and consumers deserve this minimal protection," he said.

• Rep. Gary A. Lee, New York Republican and sponsor of House legislation to veto the rule, thinks it goes too far and would rather it required only the disclosure of warranties and the right of inspection by an outside party.

Thus far he seems to be winning the argument. He now has 209 House members signed up as cosponsors of his veto resolution. (Earlier story appears on Page 33.)

Florio expects to mark up the legislation this week. There is a possibility the legislation will be voted yet this year, at least on the House side.

In the Senate, NADA and NIADA have managed to garner 43 cosponsors on a veto resolution.

Both houses of Congress must veto any rule to prevent it from becoming law. The rule goes into effect if either branch does not pass a veto resolution or fails to act within 90 days of its submittal to Congress.

On the used-car rule, the 90-

Continued on Page 44, Col. 5

Jim Plague

Birds of a feather?

A passing seagull does his imitation of the new DeLorean sports car. Or is it the other way around?

Service Index gains; rate of growth slows

By Francis J. Gawronski
Service Editor

Service and parts business in the nation's new-car dealerships continued in the upside in October, but the rate of growth dipped 1.5 percentage points, marking the fourth consecutive month that the pace has declined.

According to the Automotive News Service Index, shop volume in October was 102.9 percent of the business recorded in the same month of 1980.

In September, service and parts volume was 104.4 percent of the business in the like month the year before. In August it was 105.7 percent, in July, 109.8 percent, and in June it was 116.6 percent, the biggest increase in 30 months.

With three of the five indicators showing increases, October marked the eighth consecutive month in which shop volume has bettered the volume recorded in the year-earlier month.

The leading indicator in October was gross profit on all labor, parts and P&A sales — the most important indicator for the dealers' viewpoint, which was up 8.5 percent from the year ago figure. In September, gross profit was up 4.6 percent.

• Sales of all parts and P&A sales was up 4.8 percent in October, while shop parts sales (those used in customer-paid and warranty repairs) were up 1.2 percent.

The two indicators registering

Continued on Page 44, Col. 1

SERVICE INDEX
102.9*

	Oct., '81 vs. Oct., 80	10 mos., '81 vs. 10 mos., '80
Gross Profit on All Labor and P&A Sales	+ 8.5%	+ 9.0%
Repair Orders Written	—10.3%	— 3.6%
Total Labor Sales (Customer & Warranty)	— 1.4%	+ 2.9%
Shop Parts Sales (Customer & Warranty)	+ 1.2%	+ 6.0%
Sales of All P&A	+ 7.3%	+ 8.3%

*—Survey by Automotive News shows that dealers' service and parts business in Oct., 1981, was 102.9 percent of business in Oct., 1980. Service business in the 10 months of 1981 was 105.0 percent of business in the corresponding period in 1980.

Prototype is driven to display area

Mexico developing sun-powered car

MEXICO CITY. — The Ministry of Human Settlements and Public Works (SAHOP), which has been quietly manufacturing a solar vehicle, will publicly unveil this at an auto show.

Javier Ibarra Herrera, director of the program for utilization of saline waters and solar energy, drove the pilot model car a distance of about 4 miles in 20 minutes to the display area, despite the chronically heavy city traffic.

Ibarra Herrera has been instrumental in launching the Mexican desalting program, with many plants now operated by solar energy. He personally drove the solar car to the Sports Palace, where it will be on display, with the hope it will spark public interest.

The Mexican official stressed that the car was constructed by Mexican technicians, and that it has great potential due to its low cost and easy operation. The vehicle cost is 90,000 pesos (about $3,150), a positive factor since standard gasoline-powered cars in Mexico today range anywhere from $7,800 for compact four-cylinder models, on up to $19,500 and more for six-cylinder cars.

While acknowledging that the experimental vehicle is a little too slow for normal city traffic, Ibarra Herrera said that further experiments in photovoltaic technology will overcome this problem.

The Ministry has guaranteed that it will provide adequate further funds for development of the car, which would reduce the smog in Mexico City, allegedly now at levels higher than any other city in the world.

Next year the SAHOP workshops expects to turn out a model that will perform satisfactorily in city traffic. The ultimate goal is to interest private industry to mass-produce the solar car, with this resulting in a considerable reduction in the original cost.

While Ibarra Herrera sees the solar auto as a city car, he indicated that Mexico will continue researches to develop an all-purpose vehicle which can be used both in urban centers and on rural highways.

New fashion ramp

Thought to be the first fashion show ever held on an automobile assembly line, Genesee Valley Shopping Center merchants sponsored a pre-Christmas event at Buick's Flint assembly operation.

Midget-car sales rise in Japan; export pushed

By John Hartley
Staff Correspondent

TOKYO. — Demand for midget trucks and cars in Japan continues to rise, with total sales this year now expected to reach 1.24 million units, compared with just over a million last year.

Generally, sales are still running at about 20 percent over a year ago, although the bulk of these tiny cars which have engines of no more than 550cc, are registered as commercial vehicles. Many are small vans and trucks, but a good proportion of them are also passenger cars which, owing to the rudimentary rear seat, can be registered as a commercial.

Last year, just under 200,000 midget passenger cars and some 850,000 commercial midgets were sold in Japan. This year, sales have been boosted by the introduction of a number of new models, of which the most significant was the Subaru Rex.

Previously an old-fashioned rear-engined design, this reemerged a couple of months ago as a smart little front-wheel-drive job, with more interior space than its rivals, thanks to a long wheelbase of 88.7 inches and an overall length of 126 inches.

An interesting option on this model is an automatic clutch, controlled el[illegible]his

Continue[illegible]

Report finds little hope for auto recovery

By Jake Kelderman
Washington Staff Writer

WASHINGTON. — These are not good times for the U. S. auto industry and, according to the U. S. Commerce Department, they are not likely to get better anytime soon.

In a report given to Congress last week, the department said the financial health of the industry has been sharply eroded in the last three years. With the prospect of continued weak sales and aggressive competition from the Japanese makers, there is serious doubt the U. S. auto industry can restore its long-term competitiveness.

A fundamental shift downward in long-run demand for cars and certain trucks has become evident, the report said.

"There is no prospect for a sharp turnaround in the immediate future."

The report was ordered by the Reagan Administration's Auto Task Force.

It noted the "most startling trend" in the industry has been the dramatic decline in working capital for General Motors, Ford Motor Co., Chrysler Corp. and American Motors.

From a level of $13 billion at yearend 1978, working capital fell to $300 million at the end of the third quarter of 1981 and could fall to zero or a negative $900 million by the end of the fourth quarter, the report said.

Working capital represents the money available for investment — and investment in new plants, models and technology is what the U. S. auto industry needs right now to become competitive, the report said.

• The lack of such funds has prompted postponements of modernizing investments, shutdowns of excess capacity, more foreign sourcing, wage restraints and large amounts of outside borrowing, the report said. It questioned whether the industry can preserve its liquidity in this fashion and at the same time restore its long-term competitiveness.

"A revived economy is the only change that can be realistically expected to remedy the industry's condition," the report said. "And even then, reduced demand growth will make it difficult for domestic producers to return to the sales and profit years of decades past."

For auto workers that means a permanent loss of approximately 200,000 jobs, the report said. In the supplier industries

Continued on Page 44, Col. 3

Milestone Berlina Coupe

Phillips Motor Car Corp. announced production of Berlina Coupe No. 100 in November in Pompano Beach, Fla. The hand-made car is built on a new Corvette chassis, with only the windshield and T-top from the Corvette body retained. The frame is extended 22 inches to support a body designed after a 1938 Mercedes-Benz 540K. Production will be limited to 250.

Pink slips expected Dec. 15

13,000 GM workers to be idled by layoffs

By Joseph Bohn
Marketing Editor

DETROIT. — General Motors is moving swiftly in its plans to trim about 13,000 employes, or 7 percent, of its worldwide salaried force.

Dec. 15 was considered a "fairly reasonable" target date for pink slips, according to one insider.

"They're trying to get it done before Christmas . . . to give people some notice," the company source indicated.

"Last time, particular staffs were hit harder than others . . . where they felt there was a lot of deadwood," he said. He anticipated a similar pattern this time.

GM has been reviewing departments and divisions on an individual basis. Some, like Buick, where sales have been good, are expected to feel a blunter axe than Chevrolet, for example, whose sales have been off sharply.

Reports continue that Chevrolet is in for some top management changes, with a couple of key officials expected to take early retirements.

Overall, GM employes will be evaluated on the basis of performance, rather than seniority, in determining who will stay and who will go.

The upcoming cutbacks have been rumored for months, but finally got confirmation by GM officials, both on and off the record, last week.

A well-placed GM source said the company's financial forecast numbers had been "changed dramatically" recently for both December and the first quarter, indicating sharp revisions in projected cash flow and profits.

• GM cut auto production by 17 percent in December, and is expected to extend downtime in the first quarter, 1982.

It has been shutting down plants, dismissing blue-collar employes and putting new plant startups on the back burner in an effort to conserve cash.

The entire domestic car industry has been forecasting upturns that never materialized for about the past year-and-a-half. The feeling now is the market won't rebound for at least another six months.

Meanwhile, Supplemental Unemployment Benefits (SUB) funds for Detroit's three major car firms, covering blue collar workers, continue to deteriorate.

New layoffs and overpayments, in which furloughed employes collected both SUB and TRA benefits without paying anything back, are jeopardizing the funds.

SUB funds, designed to cushion the impact of layoffs, give an hourly worker in combination with state unemployment, about 95 percent of his normal pay.

Last week, about 193,000 employes were on indefinite furlough in the U. S., the highest level in 10 months.

UAW officials said some $500 million in overpayments had been made out of SUB funds to employes, much of it still unrecovered.

Both the UAW and auto company management are trying to get workers to repay this money.

As of last week, Chrysler had only $5 million in its SUB fund, equal to only 3.5 percent of full funding. Chrysler is paying out nearly $500,000 a week from the fund, and has about $27 million in uncollected overpayments.

On Nov. 1, Ford had about $54 million in its SUB fund, down nearly $6 million from a month earlier. Ford still has $184 million outstanding from workers who "double-dipped" SUB and TRA benefits.

GM's fund was reported at about $277 million in November, equal to 33 percent of full funding. Its net was down about $12 million from a month earlier. GM still had a little over $291 million in uncollected payments from double-dipping employes.

Company loses $318.9 million; year-ago profit was $20.2 million

IH reports dismal 4th quarter

By Edward Lapham
Financial Editor

International Harvester ended its 1981 fiscal year on a low point.

The company reported a net loss of $318.9 million ($10.04 a share) for the fourth fiscal quarter ended Oct. 31, compared with net earnings of $20.2 million (64 cents a share) in the same period last year. Sales in the August-October period declined nearly 20 percent to $1.78 billion from $2.21 billion in 1980.

The dismal fourth-quarter results brought the year's net loss to $393.1 million ($12.90 a share) compared with a net loss of $397.3 million ($12.91 a share) last year. Sales for the year rose 17.9 percent to $7.04 billion from $5.97 billion last year.

The company said the fiscal 1981 results from continuing operations "approximate very closely" projections and estimates made by the company to its lenders last September when the lenders were considering the $4.1 billion debt restructuring package.

The loss from continuing operations for the year was $635.7 million ($20.44 a share) compared with a loss of $374.8 million ($12.19 a share) last year.

Despite the company's projections, Wall Street auto analyst Arvid Jouppi, Arvid Jouppi Associates, said the fourth-quarter loss was "a bit deeper than one might have expected."

The analyst said the company's results were impacted by several extraordinary factors during the year, the $276 million gained from the July sale of the Solar Turbine Division and a writedown of $32 million on mining property.

"IH is still in a deep problem," Jouppi said. "The company needs to resolve the debt restructuring agreement, plus see a pickup in the heavy-truck market and a return to more normal conditions in the farm machinery market."

IH Chairman Archie R. McCardell, said the terms of the restructuring were in final form with copies due to be delivered to IH's banks last week.

The company blamed 1981 losses on "depressed markets worldwide, high interest expense and industrywide discounting" as well as "front-end costs of actions taken by IH to reduce future expenses, the costs of introducing a record number of new products and the effect of foreign currency rate changes which resulted in a charge of $30 million compared to a credit of $9 million in 1980."

IH said truck segment sales were up 23 percent to $3.3 billion in fiscal 1981, agricultural equipment sales were up 19 percent to $3.0 billion and construction machinery sales were off 2 percent to $743 million.

Company officials said they do not expect IH to regain profitability until at least the second quarter of the fiscal year—meaning the February-April period—due to "reduced backlog figures and continuing soft-market conditions."

Irate taxpayers block plan

M-B police car? No way!

HAMDEN, Conn. — What might have been a "first" for an area police department — acquisition of a Mercedes-Benz —has been scuttled amid massive phone-calling by irate taxpayers.

Announcement by Police Chief John P. Ambrogio that a $22,000 Mercedes-Benz would be added to the police fleet in this New Haven suburb sparked what was labeled one of the heaviest resident responses in recent town history.

An allocation of $9,000 by the town Legislative Council for purchase of a diesel car for experimental use by police is now to be used to buy an Oldsmobile diesel from Ekblade Oldsmobile, according to a town spokesman.

Seeking to replace a 1975 Ford, said to be "one of the oldest" in the police fleet, Chief Ambrogio was reportedly to get a Mercedes-Benz 240D diesel and 1982 Olds on lease for three years, with the agreement signed by Finance Director Murray Paull and a leasing firm, B. W. Capital Corp., New York.

The lease called for payment of $1,149-per-month for both cars, coming to $41,364 over the three-year span.

Hamden political figures including Mayor Richard G. Harris, were unprepared for taxpayer response, all negative.

One automobile dealer, not tied to Ekblade Olds—conceded that with inflationary costs confronting municipalities, a Mercedes-Benz police car might be "a tough nut to sell."

Cut labor costs by $100 million, IH asks UAW

CHICAGO. — International Harvester has asked its UAW-represented workers to reduce labor costs by $100 million dollars by next October.

IH has been losing money all this year and posted a $393.1 million loss for the fiscal year ended Oct. 31.

Company officials would not provide any details of the proposed concessions but said they cover both wages and benefits.

A UAW spokesman said the union is reviewing the proposal.

IH employs about 20,000 UAW-represented employes and another 10,000 are on indefinite layoffs.

The company has already taken away merit and COLA increases from non union workers and has eliminated dividends on its common stock.

GM materials staff to have new home

DETROIT. — General Motors will take its Materials Management Staff out of its current home in suburban Troy and begin bringing some employes into GM headquarters.

Beginning next spring, 100 of the 250 staff members will move to Detroit. The final disposition of the other 150 has not yet been made, but all of them may not be located at headquarters.

L-M deal opens

CATHEDRAL CITY, Calif. — Palm Springs Lincoln-Mercury held a grand opening in this Palm Springs suburb.

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57th year — No. 4892

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Rate holds steady despite more small cars

81 pct. of '81 cars had automatics

By Joseph Bohn
Marketing Editor

Automatic transmissions were almost as popular in '81 as before, despite the increasing number of small cars in the mix.

Similarly, four-speed manuals maintained about the same penetration, while five-speed manuals gained more popularity.

And General Motors finally rang down the curtain on three-speed manuals for '82, after selling some scattered units last year.

Industrywide, automatic transmissions went into 81.51 percent of domestic cars compared with an 82.36 penetration in '80. Some 5,508,994 cars were equipped with automatic drive, compared with 5,884,326 in '80.

The same number — 27 car lines — carried automatic transmissions as standard equipment as before.

GM installed automatic transmissions in 90.95 percent of its cars, equal to 3,823,498 units. That compared with an 87.16 percent penetration, or 3,996,446 units in '80.

Ford Motor installed the feature in 68.79 percent of its cars, equal to 1,034,587 units. That compared with 78.46 percent, or 1,077,769 units in '80.

Chrysler installed the item in 73.02 percent of its cars, equal to 535,609 units. That compared with 81.79 percent, or 625,864 units in '80.

American Motors installed automatic transmissions in 72.22 percent of its cars, equal to 99,037. That was down from 80.71 percent, or 159,693 units in '80.

Volkswagen put the automatic in 9.00 percent, or 16,263 Rabbits, compared with 11.00 percent, or 24,559 in '80.

• Four-speed manuals accounted for 17.01 percent of production, or 1,149,581 units, industrywide. That compared with 16.87 percent, or 1,205,115 units in '80.

At GM, only 8.42 percent, or 354,108 cars carried the four-speed. That was down from 12.55 percent, or 575,281 in '80.

Ford installed four-speeds in 29.99 percent, or 450,966 cars. That was up from 21.08 percent, or 284,572 units in '80.

AMC installed them in 38,088 cars, or 27.78 percent of production. That was up from 19.29 percent, or 38,174 in '80.

VW had an 60.40 percent installation rate, equal to 108,505 units. That was down 75.00 percent, or 167,451 in '80.

On the other hand, VW's five-speed manual instalaltions were up sharply, as they were for the industry.

VW installed five-speeds in 30.60 percent of its cars, equal to 54,867 units. That was up from 14.00 percent, or 37,503 in '80.

Industrywide, the rate of five-speed installations climbed to 1.19 percent or 80,524 from 0.52 percent, or 37,503 units the previous year.

Ford installed the option in 18,393 cars, equal to 1.22 percent of its output. That was up from 6,246, or 0.46 percent in '80.

GM installed the item in 0.17 percent of its cars, equal to 7,264 units. The company didn't offer a five-speed in '80.

Neither Chrysler nor AMC offered one in '81 or '80.

The three-speed manual gasped its last breath in '81. Only a handful of GM cars offered it, with the totals amounting to 23 Cutlasses, 36 LeMans, 263 Firebirds, 2,494 Malibus and 16,378 Camaros.

Budget cutback ends program for parts return

WASHINGTON. — One of the NHTSA programs being dropped for budget reasons is one 10-years old that involved about 26,000 independent garages, service stations and car dealerships who mailed to the government failed parts.

The cost is estimated at $90,000 to $100,000 a year.

The parts-return program eventually involved some 9,000 parts and it was helpful in several defect investigations and recall campaigns, notably flex-fans, which were hazardous for workers under the hood of several makes of cars, and in the Firestone 500 steel-belted radial tires.

The service operations would be sent lists of new recalls and ongoing investigations and asked to keep a special lookout for parts that failed and could create safety problems. They were supplied with bags for mailing parts.

NHTSA had an independent contractor handle the program.

TRANSMISSION OPTIONS on 1981 U. S. Models

	Automatic Transmission	Percent of Output	4-Speed Manual	Percent of Output	5-Speed Manual	Percent of Output
AMERICAN MOTORS	99,037	72.22	38,088	27.78	NA	.....
Spirit	25,734	57.70	18,865	42.30	NA	.....
Concord	52,234	94.80	2,863	5.20	NA	.....
*Eagle	21,069	56.30	16,360	43.70	NA	.....
CHRYSLER CORP.	535,609	73.02	197,914	26.98	NA	.....
C-P Total	317,843	75.40	103,682	24.60	NA	.....
Horizon	47,789	54.60	39,738	45.40	NA	.....
Reliant	168,917	82.50	35,831	17.50	NA	.....
TC-3	24,141	46.20	28,113	53.80	NA	.....
Gran Fury	7,746	100.00	NA	.....	NA	.....
Cordoba	20,293	100.00	NA	.....	NA	.....
LeBaron	38,377	100.00	NA	.....	NA	.....
Chrysler	10,580	100.00	NA	.....	NA	.....
Dodge Total	217,766	69.80	94,232	30.20	NA	.....
Omni	31,613	48.60	33,434	51.40	NA	.....
024	19,875	39.90	29,936	60.10	NA	.....
Aries	127,407	80.50	30,862	19.50	NA	.....
Diplomat	21,449	100.00	NA	.....	NA	.....
Mirada	11,899	100.00	NA	.....	NA	.....
St. Regis	5,523	100.00	NA	.....	NA	.....
FORD MOTOR	1,034,587	68.79	450,966	29.90	18,393	1.22
Ford Division	668,379	65.40	342,247	33.49	11,319	1.11
Escort	114,820	35.80	205,907	64.20	NA	.....
EXP	17,240	24.10	54,404	75.90	NA	.....
Fairmont	146,675	91.20	14,153	8.80	NA	.....
Must./Must. II	106,251	58.20	64,992	35.60	11,319	6.20
Granada	118,550	97.70	2,791	2.30	NA	.....
T-Bird	86,693	100.00	NA	.....	NA	.....
Ford	78,150	100.00	NA	.....	NA	.....
L-M Division	366,208	75.98	108,719	22.56	7,074	1.46
Lynx	44,343	39.60	67,635	60.40	NA	.....
Capri	31,654	53.70	20,218	34.30	7,074	12.00
Zephyr	62,984	94.70	3,525	5.30	NA	.....
Cougar	53,116	99.00	537	1.00	NA	.....
XR-7	37,275	100.00	NA	.....	NA	.....
Mercury	61,638	100.00	NA	.....	NA	.....
LN7	5,661	25.20	16,804	74.80	NA	.....
Lincoln	32,839	100.00	NA	.....	NA	.....
Mark VI	36,698	100.00	NA	.....	NA	.....
GENERAL MOTORS	3,823,498	90.95	354,108	8.42	7,264	0.17
Buick Division	839,944	98.01	17,051	1.99	NA	.....
Skylark	245,277	93.50	17,051	6.50	NA	.....
LeSabre	89,210	100.00	NA	.....	NA	.....
Century	144,267	100.00	NA	.....	NA	.....
Regal	240,200	100.00	NA	.....	NA	.....
Electra	68,983	100.00	NA	.....	NA	.....
Riviera	52,007	100.00	NA	.....	NA	.....
Cadillac Division	250,584	99.34	1,672	0.66	NA	.....
Cimarron	12,376	88.10	1,672	11.90	NA	.....
Seville	28,606	100.00	NA	.....	NA	.....
Eldorado	60,557	100.00	NA	.....	NA	.....
Cadillac	149,045	100.00	NA	.....	NA	.....
Chevrolet Division	1,343,178	80.28	303,779	18.16	7,264	0.43
Chevette	47,545	73.00	17,585	27.00	NA	.....
Cavalier	47,545	73.00	17,585	27.00	NA	.....
**Camaro	109,760	87.00	NA	.....	NA	.....
Citation	329,782	79.80	83,596	20.20	NA	.....
**Malibu	224,233	98.90	NA	.....	NA	.....
Monte Carlo	157,115	100.00	NA	.....	NA	.....
Chevrolet	184,992	100.00	NA	.....	NA	.....
Corvette	39,153	85.80	6,478	14.20	NA	.....
Oldsmobile Division	929,612	98.83	11,020	1.17	NA	.....
Omega	136,898	92.50	11,020	7.40	NA	.....
**Cutlass	195,707	99.90	NA	.....	NA	.....
Cutlass Supreme	285,835	100.00	NA	.....	NA	.....
Oldsmobile	268,568	100.00	NA	.....	NA	.....
Toronado	42,604	100.00	NA	.....	NA	.....
Pontiac Division	460,180	95.66	20,586	4.28	NA	.....
**Firebird	56,498	93.80	4,138	5.80	NA	.....
Phoenix	111,421	87.10	16,448	12.90	NA	.....
Grand Prix	108,344	100.00	NA	.....	NA	.....
**LeMans	71,912	99.90	NA	.....	NA	.....
Pontiac	102,005	100.00	NA	.....	NA	.....
VOLKSWAGEN	16,263	9.00	108,505	60.40	54,867	30.60
Total Cars, U.S.	5,508,994	81.51	1,149,581	17.01	80,524	1.19

*Eagle includes the SX-4.

**Some 23 Olds Cutlasses, 36 Pontiac LeMans, 263 Firebirds, 16,378 Camaros and 2,494 Malibus had a three speed manual, dropped by GM for '82.

Note: Figures are generally based on U. S. production. However, Canadian-only sourced cars, such as Cordoba/Mirada, are included in some instances; also, some '82-only models, such as EXP-LN7 and Cimarron and Cavalier, built during the '81 model run.

Figures are based on production of 6,758,283 '81 models, including 4,204,064 GM cars, 1,503,946 Ford cars, 733,513 Chrysler models, 137,125 AMC and 179,635 Volkswagens.

GM's total includes 856,996 Buicks, 252,256 Cadillacs, 1,673,093 Chevrolets, 940,654 Oldsmobiles, and 481,065 Pontiacs. Ford's total includes 1,021,945 Ford Division and 482,001 Lincoln-Mercury models. Chrysler's total includes 421,525 Chrysler-Plymouth and 311,988 Dodge.

Fraser sets deadline

UAW eyes cuts in staff as slump continues

By Marjorie Sorge
Labor Editor

DETROIT. — The UAW may be forced to look at further cuts in staff if the auto industry doesn't improve soon, UAW President Douglas A. Fraser said.

He said the union "isn't going to panic in the next two months" but should the slump continue further cuts may be necessary. And, he is predicting at least another six months of slow sales.

Last year the union was forced to make reductions in staff as the membership dropped off by 250,000. Fraser said most of that was handled by attrition.

"I didn't think we'd ever have to (look at cuts) again," he said. "I really didn't. I thought we'd reached bottom. I just couldn't see it getting worse, but a 4.8 million sales year so far, that's half of what we used to sell!"

He said there will probably be about 1.3 million cars sold in the fourth quarter and predicted further cuts in shifts and line speeds in that quarter as inventories increase.

"I don't think it (auto industry) will recover before six months," he said, "and then not to '78/'79 levels. I don't think there's a chance. But I would argue it can't stay where it is because of sheer demographics. The scrappage and usage pipeline will have to be filled eventually."

But, Fraser warned that pipeline might be smaller if three-car families are becoming two-car families and two-car families, are dropping to one-car families.

If the industry does not show improvement soon there could be more layoffs in the auto industry which would hurt the UAW financially as dues payments drop off. In turn, he said, the UAW would have to begin staff cuts.

Model breakdown
Auction Averages

	DECEMBER TO DATE	NOVEMBER*	OCTOBER
1981	$6,570	$6,689	$7,074
1980	5,351	5,454	5,697
1979	4,020	4,657	4,922
1978	3,609	3,782	3,731
1977	2,590	2,733	2,927
1976	1,903	2,099	2,140
1975	1,254	1,562	1,628
1974	990	1,166	1,258
Overall Average	$3,964	$4,315	$4,364

*revised

RV auction a success

BERNE, Ind.—More than $25,000 worth of used recreational vehicles and RV accessories were sold at a Saturday auction here by Jim & Ray Motors, according to Jim Hill, manager.

Used car sales
Auction Averages

December	$3,964
Month ago	$4,315
Year ago	$3,141

factories list auction dates

American Motors

Dec. 8 — Aptco Auto Auction, Taylor, Mich.; D-A Auto Auction, New Stanton, Pa.

Dec. 9 — Central States Auto Auction, Mason City, Ia.; Dallas Auto Auction, Dallas, Tex.

Dec. 10—Evansville Auto Auction, Evansville, Ind.; Golden Gate Auto Auction, Fremont.

Note: Other sales may be scheduled. Phone C. A. Miller at 1-800-521-4360 for details.

Invest in future

Jay Gorman, right, executive vice president, Motor Car Dealers Assn. of Southern California, Los Angeles, discusses the future of local private colleges and universities with Larry Knudsen, executive vice president, Independent Colleges of Southern California, following presentation of a check for $1,100 to the college fund on behalf of the Charitable Foundation of NADA.

used-car auction directory

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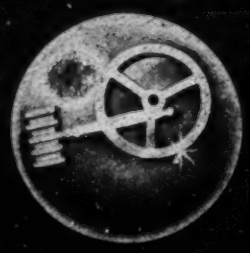

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Production milestone comes 5 days earlier than in 1980

U.S. auto makers top 6-million mark

By Patricia Hoffman
Staff Writer

Domestic auto production for the year hit the 6-million mark last Friday (Dec. 4), just five days ahead of the 1980 schedule. Last year the makers completed the six-millionth car on Dec. 9.

So far this year, the auto manufacturers have assembled 6,013,447 units, up just a fraction of a percent from 5,959,411 units in the same period last year.

Downtime at 13 assembly points last week brought auto output up just 17.14 percent above the level of the previous holiday-shortened week. The build, last week was 91,125, compared to the 77,792 built the week earlier. The total, however, was a substantial 35.75 percent below the 141,830 units completed during the comparable week last year, which was shortened by the holiday.

Ford Motor Co. scheduled downtime at eight assembly points last week — Lorain, Atlanta, Kansas City, Chicago, Dearborn, Wayne, Metuchen, and Wixom—all idle for inventory control.

Also down last week was General Motors' Janesville point, idled Oct. 19 for a five-month changeover to the J-car.

GM's Lordstown facility remained down last week. The point was idled Nov. 25, and is slated to return Jan. 4.

Chrysler's Jefferson point was closed last week for inventory control. The plant is scheduled to return today (Dec. 7).

American Motors Kenosha point was idle Nov. 23 for inventory adjustments, with operations slated to resume today.

Volkswagen of America's Westmoreland facility also returns today after being idled three weeks for inventory control.

Checker Motors Kalamazoo point, which closed Nov. 18 for model changeover, is slated to return Jan. 11.

The second shift at GM's Willow Run facility resumed last week with a line-rate reduction from 70 units per hour on two shifts, to 50 units per hour on two shifts.

GM's Linden point also cut production last week, dropping from 56 units an hour on two shifts to 45 units an hour on two shifts, and second shift operations were permanently cut at GM's Southgate facility.

GM's Leeds facility will be idle beginning today for the conversion to J-car production. The point is slated to return Jan. 11.

Breakdown for the week by company is GM, 84.47 percent; Chrysler, 12.07 percent, and Ford, 3.46 percent. AMC, VWoA and Checker Motors built nothing.

Canadian auto production dips 11 pct. as 3 plants shut

Despite the return of Ford Motor's St. Thomas facility and the resumption of a second shift at Chrysler's Windsor plant, Canadian auto production last week dropped 11.14 percent below the previous week's total because of downtime at three car assembly points.

Last week's auto output was targeted at 13,495 units, down from 15,187 in the previous week, and down 33.71 percent below 20,358 in the comparable 1980 week.

Year-to-date output for the auto makers is 755,445, down 4.55 percent from 791,472 in the comparable period last year.

Truck production last week fell a substantial 26.52 percent to 8,692 units from 11,829 completed in the previous week, and the total dropped 33.53 percent below 13,077 in the comparable 1980 week.

So far this year, the truck manufacturers have completed 477,792 units, up slightly from 475,072 in the comparable period last year.

Downtime was scheduled last week (Nov. 30) at American Motors' Brampton car facility. The point, idled for inventory adjustment, is slated to resume today (Dec. 7).

General Motors' St. Therese car facility was idle last week due to poor market conditions, and is scheduled to return Jan. 11, 1982.

Ford's Oakville assembly point was down for the second week last week to adjust inventory. The facility is slated to return today.

Also at Ford, the St. Thomas point resumed operations last week after two weeks of downtime for inventory control.

Chrysler's Windsor point returned to two-shift operation last week, bringing output from 400 units per day to 560 per day.

Ford's Ontario truck facility was idled last week for inventory control. The point is slated to resume today.

International Harvester's Vancouver and Chatham truck points are scheduled to close next week (Dec. 14) for an extensive holiday downtime. The facilities are slated to resume operations Jan. 4.

Quarter century

A. J. Frascona, right, Frascona Buick, Wauwatosa, Wis., receives congratulations on his 25 years as a Buick dealer from the division's general sales manager John D. Duffy Jr.

U.S. truck output for week declines 38 pct. from 1980

U. S. truck production rose substantially last week from the previous holiday-shortened week, despite downtime at seven assembly points.

The truck makers scheduled 23,678 units last week, up 22.66 percent from 19,303 trucks completed the previous week when plants ran just three days due to Thanksgiving day holiday. The total, however, dropped 38.60 percent below the 38,566 units assembled during the comparable — but shortened — 1980 week.

Year-to-date output is 1,534,430 units, up 3.75 percent from 1,478,932 trucks in the comparable 1980 period.

Downtime was scheduled last week (Nov. 30) at five Ford Motor Co. assembly points—Kansas City, Michigan, Norfolk, San Jose and Twin Cities—all idle for inventory control.

Also down last week was General Motor's Lordstown (van) point. The facility is slated to resume today (Dec. 7) minus the second shift.

Volkswagen of America's Westmoreland point was idle last week for its third week of downtime. The facility is scheduled to return today.

International Harvester's Ft. Wayne and Springfield facilities will be idle beginning Dec. 14 for an extensive holiday closing. The plants are slated to resume operations Jan. 4, 1982.

U. S. CAR PRODUCTION

	Week Ended Dec. 5, 1981	Week Ended Dec. 6, 1980	Week Ended Nov 28, 1981	Nov. Estimate	Jan. 1 to Dec. 6, 1980	Jan. 1 to Dec. 5, 1981
AMERICAN MOTORS	.....	3,275*	.....	5,100*	156,338*	109,672*
AMX	.....	.....	.....	.....	.....	.....
Spirit	.....	.....	.....	.....	.....	.....
Concord	.....	.....	.....	.....	.....	.....
Eagle	.....	.....	.....	.....	.....	.....
Pacer	.....	.....	.....	.....	.....	.....
CHRYSLER CORP.	11,000	13,300	9,804	41,564	597,082	718,791
Plymouth Total	4,600	6,400	4,067	15,481	274,355	352,490
Horizon	2,400	.....	1,445	3,656	141,735	132,990
Reliant	2,200	6,300	2,622	11,825	61,014	209,913
Volare	.....	.....	.....	.....	51,735	.....
Caravelle	.....	100	.....	.....	5,802	2,139
Gran Fury	.....	.....	.....	.....	14,069	7,448
Chrysler Total	1,200	1,400	1,756	9,794	76,124	52,553
LeBaron	1,200	1,400	1,756	9,794	57,802	47,691
Chrysler	.....	.....	.....	.....	18,321	4,862
Dodge Total	5,200	5,500	3,981	16,289	246,604	313,748
Omni	2,000	.....	1,315	3,415	118,933	119,228
Aspen	.....	.....	.....	.....	36,881	.....
Aries	2,000	4,900	2,058	8,735	49,337	165,543
Diplomat	.....	600	.....	.....	28,589	12,644
Dodge 400	1,200	.....	608	4,139	.....	12,651
St. Regis	.....	.....	.....	.....	12,864	3,682
FORD MOTOR	3,148	21,126	19,499	70,925	1,188,622	1,260,185
Ford Division	1,412	14,394	13,003	41,718	848,516	852,281
Escort	1,188	4,559	5,319	16,963	79,406	339,010
Pinto	.....	.....	.....	.....	68,179	.....
Fairmont	.....	1,397	2,122	10,129	189,002	170,264
Must./Must. II	.....	2,494	2,240	6,047	215,868	142,994
Granada	.....	2,723	1,672	5,683	101,512	96,413
T-Bird	.....	2,171	1,488	2,689	109,501	61,126
Ford	.....	1,050	.....	.....	85,048	40,886
EXP	224	.....	162	207	.....	1,588
L-M Division	1,736	6,732	6,496	29,207	340,106	407,904
Mercury Total	1,736	5,730	5,499	22,821	292,959	347,123
Bobcat	.....	.....	.....	.....	12,445	.....
Lynx	213	1,681	1,262	5,738	27,327	113,336
Capri	.....	824	742	2,242	62,849	47,193
Zephyr	.....	907	665	2,686	62,922	48,905
Cougar	.....	897	1,489	5,186	22,322	46,219
XR-7	.....	631	435	847	54,040	28,168
Mercury	1,292	790	785	5,955	51,054	62,293
LN7	231	.....	121	167	.....	1,009
Lincoln Total	.....	1,002	997	6,386	47,147	60,781
Continental ('82)	.....	.....	498	3,193	.....	10,673
Lincoln	.....	546	303	1,948	20,051	25,527
Mark VI	.....	456	196	1,245	25,230	24,581
Versailles	.....	.....	.....	.....	1,866	.....
GENERAL MOTORS	76,977	99,494	48,489	291,929	3,832,619	3,768,564
Buick Division	14,119	19,915	9,044	56,185	721,967	828,285
Skylark	3,225	5,015	1,941	12,093	201,734	251,125
Skyhawk J	.....	.....	4	4	.....	4
Century	2,030	3,886	1,091	6,139	154,120	97,837
Regal	4,674	5,408	2,935	18,215	188,909	250,847
Buick	3,295	4,255	2,022	13,270	136,486	163,488
Riviera	895	1,351	1,051	6,464	40,718	64,984
Cadillac Division	4,924	5,527	3,241	19,476	184,831	245,616
Cimarron	169	.....	194	1,111	.....	21,981
Seville	238	1,113	190	1,197	31,949	22,526
Eldorado	917	1,285	699	4,369	49,976	54,709
Cadillac	3,600	3,129	2,158	12,799	102,906	146,400
Chevrolet Division	27,320	40,695	18,635	110,515	1,635,313	1,385,175
Chevette	7,248	10,825	4,597	28,911	429,257	334,977
Cavalier	1,831	.....	4,972	27,386	.....	133,694
Celebrity	3,816	.....	1,916	9,982	.....	14,554
Monza ('80)	.....	.....	.....	.....	147,768	.....
Camaro	3,061	2,365	937	3,744	110,146	93,967
Citation	4,318	10,525	1,854	14,096	425,400	288,470
Malibu	3,042	7,340	2,127	13,584	249,185	215,726
Monte Carlo	2,972	3,840	1,637	10,486	113,377	131,820
Chevrolet	312	4,800	280	1,867	119,100	145,671
Corvette	720	1,000	315	459	41,080	26,296
Oldsmobile Division	15,387	23,356	8,515	55,235	748,593	796,811
Omega	1,536	3,052	.....	2,820	103,800	126,962
Cutlass	4,800	12,706	2,890	18,189	359,884	349,249
Cutlass/Ciera	3,072	.....	1,620	9,117	.....	16,102
Oldsmobile	5,502	6,485	3,260	20,545	214,207	262,217
Toronado	477	1,113	745	4,564	70,702	42,281
Pontiac Division	15,227	10,001	9,054	50,518	541,915	512,677
Acadian†	345	175	111	957	18,095	18,016
J2000	4,292	.....	3,632	17,238	.....	87,093
Sunbird ('80)	.....	.....	.....	.....	145,628	.....
T1000	1,687	.....	1,080	6,535	.....	85,540
Firebird	1,567	1,715	576	1,964	73,885	46,737
Phoenix	1,322	2,885	663	4,479	126,431	92,580
Grand Prix	2,100	3,021	1,011	7,050	69,281	94,019
Bonneville ('82)	2,100	.....	981	6,924	.....	25,352
A6000	1,814	.....	1,000	5,371	.....	11,249
LeMans	.....	1,705	.....	.....	59,629	42,027
Pontiac	.....	500	.....	.....	48,966	10,064
VOLKSWAGEN	.....	4,550	.....	8,101	181,779	154,226
CHECKER	.....	85*	.....	240*	2,971	2,009*
Total Cars, U. S.	91,125	141,830	77,792	417,859	5,959,411	6,013,447

TRUCK PRODUCTION IN U. S.†

	Week Ended Dec. 5, 1981	Week Ended Dec. 6, 1980	Week Ended Nov. 28, 1981	Nov. Estimate	Jan. 1 to Dec. 6, 1980	Jan. 1 to Dec. 5, 1981
CHEVROLET	7,904	17,895	4,878	30,916	445,359	438,394
DODGE	2,800	1,600	1,468	8,143	111,486	89,477
FORD	4,454	9,379	7,491	36,634	550,500	592,086
GMC	4,420	4,562	2,141	13,695	143,313	162,418
INTERNATIONAL	1,150	1,730	675	3,224	61,438	64,790
MACK	.....	650	.....	1,158	25,717	35,771
JEEP	.....	425	.....	.....	21,702	.....
AM CORP.	1,500*	1,740*	1,200*	3,000*	76,121	83,888*
MISCELLANEOUS	50*	85*	50*	210*	7,871	3,486*
VOLKSWAGEN	1,400*	500*	1,400*	5,880*	35,425	64,120*
Total Trucks, U. S.	23,678	38,566	19,303	102,860	1,478,932	1,534,430

CANADIAN TRUCK PRODUCTION

	Week Ended Dec. 5, 1981	Week Ended Dec. 6, 1980	Week Ended Nov. 28, 1981	Nov. Estimate	Jan. 1 to Dec. 6, 1980	Jan. 1 to Dec. 5, 1981
CHRYSLER CORP.	2,000	1,600	1,957	8,014	47,322	80,093
FORD MOTOR	429	4,392	3,201	9,556	167,187	129,131
GENERAL MOTORS	6,028	6,750	6,434	24,127	225,399	257,717
AMERICAN MOTORS	.....	.....	.....	.....	18,127	.....
INTERNATIONAL	235	295	237	991	15,088	10,851
MACK	.....	40	.....	.....	1,949	.....
Total Trucks, Canada	8,692	13,077	11,829	42,688	475,072	477,792
N. American Trucks	32,370	51,643	31,132	145,548	1,954,004	2,012,222

†—Now includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
AM General will no longer be figured in with North American trucks.

CANADIAN CAR PRODUCTION

	Week Ended Dec. 5, 1981	Week Ended Dec. 6, 1980	Week Ended Nov. 28, 1981	Nov. Estimate	Jan. 1 to Dec. 6, 1980	Jan. 1 to Dec. 5, 1981
AMERICAN MOTORS	.....	545	980	3,888	1,964	32,578
CHRYSLER CORP.	2,000	.....	2,112	8,233	67,514	61,609
FORD MOTOR	3,556	5,448	427	15,223	239,707	197,640
GENERAL MOTORS	7,714	14,140	11,443	37,848	472,917	453,833
VOLVO	225	225	225	900	9,370	9,785
Total Cars, Canada	13,495	20,358	15,187	66,092	791,472	755,445
N. American Cars	104,620	162,188	92,979	483,951	6,750,883	6,768,892
N. American Trucks	32,370	51,643	31,132	145,548	1,954,004	2,012,222
North American Cars and Trucks	136,990	213,831	124,111	629,499	8,704,887	8,781,114

†—All Acadians and Caravelles are built for sale in Canada. *—Estimated.

NOTE

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Short stuff

Japanese proposal for urban use

This prototype Mitsubishi CV (for Concise Vehicle) is an experimental town car. Its overall length is 102 inches and it is envisioned with open or fixed top.

83-day supply of new cars on Dec. 1

Stocks soar to record high

By Richard A. Wright
Assistant Managing Editor

The deepening sales slump pushed the domestic new-car inventory higher still during November, despite assembly plant shutdowns, and it stood at an 83-day supply Dec. 1, highest ever for that date.

The domestic new-car inventory totaled 1,489,712 on Dec. 1, up from 1,480,768 on Nov. 1 and 1,439,998 on Dec. 1 last year.

The 83-day supply on Dec. 1 compared with an 81½-day stockpile a month earlier and a much more manageable 65-day stock Dec. 1 last year.

Approximately 400,000 of the Dec. 1 inventory were carryover 1981 models. In addition, the stockpile included over 40,000 of General Motors' new front-drive intermediates, for which a selling rate has not yet been established. If those nameplates are

Table on Page 37

excluded, the Dec. 1 inventory would be an 81-day supply, down from a month earlier.

• Compared with a month earlier, GM, Chrysler Corp. and Volkswagen of America increased their days-supply figures. GM's unit-count buildup was more than accounted for by stockpiling of the new front-drive A bodies, while VWoA's increase was due to a reduced sales rate, not an inventory buildup.

GM had a 77-day supply Dec. 1, unchanged from a month earlier, but its unit count was up about 28,000. Chrysler Corp. had a 103-day supply Dec. 1, up from a 91-day stockpile a month earlier, while VWoA had a 94-day supply of U. S.-built Rabbits, up from a 66-day stock, although its unit count was virtually unchanged.

Ford Motor Co. had an 89-day supply on Dec. 1, down from 91 days a month earlier. American Motors opened December with a 76-day stockpile, down from 87 days on Nov. 1.

The Dec. 1 domestic inventory was divided this way: GM, 58.24 percent; Ford Motor Co., 24.31 percent; Chrysler Corp., 12.96 percent; VWoA, 2.48 percent, and AMC, 2.01 percent.

A month earlier, the domestic inventory was divided as follows: GM, 56.71 percent; Ford Motor Co., 25.74 percent; Chrysler Corp., 12.95 percent; VWoA, 2.51 percent, and AMC, 2.09 percent.

By size class, the domestic inventory continued to be bottom-heavy with a 107-day supply of subcompacts, up from 103 days, and only a 61-day supply of luxury cars, up from 58 days.

The industry had a 73-day supply of compacts Dec. 1, down from 84 days a month earlier, and a 88½-day stockpile of intermediates, up from 75 days. The industry had a 63-day supply of standards, off slightly from 64½ days on Nov. 1.

The Dec. 1 inventory was divided this way by size segment: Subcompact, 30.60 percent; compact, 24.01 percent; intermediate, 28.24 percent; standard, 11.34 percent; and luxury, 5.81 percent.

A month earlier, the inventory was divided as follows: Subcompact, 29.68 percent; com-

Continued on Page 37, Col. 4

Executive board revises a rigid policy

UAW councils given OK to reopen contracts

By Marjorie Sorge
Labor Editor

The UAW executive board has let go of the reins and will let its bargaining councils reopen negotiations if they see fit.

Auto industry officials called the move "positive" and expressed hope that the union's councils would vote to reopen negotiations.

According to UAW President Douglas A. Fraser, the move is geared specifically to American Motors and International Harvester, which have already formally asked for changes in the agreement.

Ford Motor Co. and General Motors have made noises about reopening the current contract but have not formally approached the UAW. Those contracts expire Sept. 14, 1982.

Both Ford and GM have said there is an $8 per hour labor cost disadvantage with the Japanese and they want it back in the next agreement.

After a six-hour meeting, the union's executive board voted, with one dissenting vote, to change its rigid policy of not entering into negotiations with any company before the contract expires.

"Because of the deteriorating economic circumstances we said that a rigid policy doesn't make any sense any longer and there are different circumstances for different companies," Fraser said. "Therefore, everybody's free to act in a manner they feel is best suited for their situation."

He said that does not mean different agreements for each auto company and an end to pattern bargaining. Both those theories have been examined as possibilities in next year's contract negotiations.

Now, the union's councils have the right to reopen the current contract or begin early bargaining but that doesn't mean it is planning to run to the bargaining table. Fraser said there is "no compulsion" for the councils to vote to reopen negotiations. Last March, both the UAW Ford and GM councils voted not to reopen the contracts.

"They'll open the negotiations if they decide that's the intelligent thing to do," Fraser said. "They aren't going to be pressured."

The councils are made up of elected officials from various union locals. Each company has a separate council.

• Some of the officials in the auto companies have tried to pressure the union into reopening the agreements but Fraser warned against such actions. He said statements like Roger Smith's (GM chairman) earlier this month that the UAW-GM contract hurts the auto workers more than it helps them only make the membership more contrary.

"Those speeches don't serve any constructive purpose if he wants to open negotiations," Fraser said. "If he doesn't want to open negotiations, that's a good way to do it."

Fraser denied the union is backing down on its strong stand earlier this year on renegotiations but said times have changed and the situation in the auto industry is "stressful."

While all the automotive companies are feeling the pinch of the industry slump, only AMC and IH have formally asked for changes in the contract.

Earlier this month, the UAW-AMC Council rejected a proposal that employes invest 10 percent of their raises in the company over the next 22 months. That denial went along with the executive board's past recommendation.

That proposal would have generated about $150 million during the 22 months. Workers would have been repaid with interest after the 22-month investment period.

AMC lauded the executive board's decision as "a positive step which can lead to further consideration of the proposed

Continued on Page 8, Col. 4

Forecast '82 predicts a sales gain next year

Sales of new cars in the U. S. will total 9.1 million units in calendar year 1982, up from an estimated 8.7 million this year, according to Automotive News World Outlook, a new feature that bows in Forecast '82, a special section following Page 22.

World Outlook also estimates the import share of the U. S. new-car market will decline to 22 percent in 1982 from 26 percent this year, and that total world car production in the coming year will climb to 32 million units from 28 million in 1981.

Highlights of other Forecast '82 features:

Auto Analyst Arthur Davis predicts there will be a 90-to-120-day strike at General Motors next year.

Marina v. N. Whitman, GM vice president and chief economist, declares 1982 will be "a year of recovery," that the comeback will begin next spring, and record-level annual new-car sales are coming "in the '83 to '85 period."

Highway travel in the U. S. will increase "another 2 or 3 percent" in 1982, according to Peter G. Koltnow, president of the Highway Users Federation.

Auto industry suppliers expect tough sledding although, Federal-Mogul Chairman Thomas F. Russell forecasts vehicle sales will show an "8 to 10 percent sales increase over the depressed 1981 level," and Robert F. Swift, vice president of strategic planning and international, Rockwell International Automotive Operations, expects North American factory shipments of heavy-duty trucks to climb 19 percent.

One of the bright spots in the auto business is the aftermarket, where 10 to 15 percent sales growth is projected for 1982.

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breaking news

New Pontiac price leaders

DETROIT.—Pontiac will create price leaders in J-2000 and Phoenix, similar to those reported for Chevrolet (Automotive News, Nov. 16). One or two price-reduced body styles of J-2000 will be offered, and one price-leading Phoenix, with reductions of approximately $700 to $1,000 expected. Officials are still undecided on special model names and timing for introduction.

Toyo Kogyo expects Ford diesel deal

TOKYO.—Toyo Kogyo said it hopes to conclude an agreement with Ford Motor Co. under which it would sell diesel engines for use in Ford Ranger pickup trucks. A spokesman said an agreement on export of transmissions for the Ranger trucks would be signed first. Ford owns 25 percent of Toyo Kogyo, which manufactures Mazda cars.

Wentzville plant on schedule, GM aide says

ST. LOUIS. — Amid reports of management retrenching and stretching out a $40 billion capital expansion program to keep competitive, General Motors has assured the public and labor that its nearby Wentzville assembly plant is proceeding

See BREAKING NEWS, Page 8, Col. 1

Economist lists factors that led to growth

U.S. warned it could lose industry

ANN ARBOR, Mich. — The American auto industry is in the process of moving outside the U. S. — and foremost among the losers will be Michigan, warned Prof. Ross Wilhelm, University of Michigan business economist.

"We will only keep the automobile industry here if we restore the conditions that brought about the enormous growth in car ownership from the turn of the century up until the mid-1960s," he said.

Wilhelm, a member of the Graduate School of Business Administration, described four factors that made an automobile-based world for Americans, in a paper he prepared for the Michigan Bankers Assn. Bank Management Conference in Dearborn. The factors follow:

1. Rising real consumer incomes—"Real incomes rose at a rate of over 3 percent a year," he said. "Each year we all had more purchasing power. The growth in real incomes ground to a halt over the past 20 years. The stagnation of consumer incomes pulled out one of the major factors that led to a growth in the long-term demand for cars.

"The Reagan program and the ending of inflation and the resumption of investment are the best cures for stagnation. There is reason to hope we will see this factor again working to raise the demand for cars in the coming decade."

2. A favorable political climate—"The second factor that led to 60 years of high automotive production was a favorable political climate for driving and using cars," Wilhelm said. "We built highways and other facilities and encouraged driving.

• "Over the past 20 years, however, the government, aided and pushed by the Ralph Nader types, has waged war against cars and private driving. The thrust of our public effort shifted against the car and toward ending the importance of private driving. It is questionable whether the political environment for the car is going to improve over time. We simply do not know.

"I suspect more politicians are beginning to recognize the implications for society if we lose the automobile industry."

3. Declining real cost of cars —"The third factor that led to the growth in car ownership over this century was a declining real cost of a car for buyers," he said. "Up until the 1960s the prices of cars did not keep up with inflation and their real cost declined each year. Our growing purchasing power, coupled with the declining real cost of a car, took us in 60 years from a society with no cars per family to one with two cars per family.

"In the 1960s, two factors led to the end of the declining real cost of a car. The first factor was an explosion in government regulation of automobile design and the imposition of enormous government-mandated costs. The attacks on the car not only hit drivers, they also shoved up the cost of building the car in the name of pollution control and safety.

"The second factor that has made the American automobile noncompetitive in its own markets is an explosion in labor costs. Today it costs $1,500 more per unit to produce a car here as against in Tokyo. American labor costs $9 per hour more than Japanese. If these cost differences are not eliminated, it will not be possible to hold the car industry here . . .

"I see no change in the basic attitudes of the unions toward making the state more competitive and radically improving the unemployment compensation and worker compensation mess, and if the attitude is hostile and rigid on these matters, will we see cooperation over wages?"

Wilhelm says that the lowering of interest rates will help reduce costs and help stimulate demand, but he warned that "consumers are not buying cars just because of the high cost of financing. They are not buying because the total costs are too high. The product is overpriced."

Robots and plant modernization are not the answer, he added.

• "Robots and modernizing are poor substitutes for the reduction of government-mandated costs and lower wages," he said. "These are the costs that must come down to save jobs and to save Michigan."

4. Declining real price of gasoline—"This occurred continuously over the period up to 1973 and the Arab oil embargo and the rise in gasoline prices," Wilhelm said. "In 1979 we again had a major rise in the price of gasoline and the results have been a decline in passenger miles traveled in cars, slower driving and a shift to gas-efficient cars. While we now have a gasoline glut and stable prices, this situation will end as the economy comes out of the recession.

"It is unrealistic not to recognize that we face the prospect of rising gasoline prices and declining passenger miles traveled in cars over the rest of the century.

"Thus, as we look at the future of the automobile and the state, there is only strong hope that we can significantly im-

Continued on Page 37, Col. 1

A word of warning to humans in plants

DETROIT.—Has the REAL industrial revolution begun?

There were reports last week that a worker was killed by a robot in a Nissan plant in Japan. The worker was carrying out a repair when he was crushed by the machine.

Was it an accident?

Grand illusion

A simulated convertible top kit is now available for the 1982 Lincoln Continental from E & G Classics, Inc., Columbia, Md. Choice of canvas colors includes dark blue, white, black, buckskin, tan, dark brown and burgundy.

No immediate revival for passive restraints

By Jake Kelderman
Washington Staff Writer

WASHINGTON. — The U. S. Court of Appeals here has told State Farm Mutual it will not stay NHTSA Administrator Raymond Peck's decision to do away with the passive restraint standard. Recission of the standard became effective last week.

The effect of the ruling is that auto makers are now rid of a requirement that would have had them installing automatic belts or air bags in their largest vehicles next year and in their intermediate and smallest vehicles over the following two years.

State Farm, the nation's largest auto insurer, had stressed in its court filings that its stay request was in no way an attempt to start a new action but was an effort to preserve a situation that has been in effect for five years and to continue a regulatory program that was launched over a decade ago.

The court had no comment regarding that assertion, but said it would hear arguments on why the decision should be overturned in its February-March calendar.

At that time, State Farm is expected to argue that NHTSA acted in a "arbitrary and capricious manner and in an abuse of its discretion" when it voided the passive restraint rule.

It will say that the safety agency acted contrary to law in disregarding the existence of passive belts that meet the Passive Retraint Standard and relying instead on the design of a single belt that is identical to a manual belt when it is detached.

When he announced his decision in October, Peck said it was the agency's opinion that since drivers and passengers would disconnect the passive belt, it would be only marginally better than manual belts. He said he wanted to avoid another seat-belt-interlock fiasco.

State Farm asserts Peck should have changed the standard to ensure that it would meet the "use-inducing" purpose of the passive restraint standard recognized by the previous four administrators of the safety agency.

By that, State Farm meant Peck should have required that the belt systems have spool release systems, motorized drives and/or ignition interlocks such as found in the Volkswagen Rabbit.

When used, the systems work and are cost effective, State Farm said.

State Farm was joined in its suit by the National Assn. of Independent Insurers, whose membership includes Allstate, Nationwide and others. They are expected to join State Farm in arguing before the court in February.

Building showroom traffic for new cars

GM offers sweepstakes as a lure

By Joseph Bohn
Marketing Editor

DETROIT.—General Motors is using a sweepstakes drawing to build showroom traffic support for its new A-cars and F-cars, officially being introduced Jan. 14.

F. James McDonald, GM president, called the month-long giveaway the "most far-reaching dealer showroom traffic-building activity" ever staged by the corporation.

From Jan. 11 to Feb. 12, GM will offer showroom visitors a chance to win one of 15 new cars. Prizes are Chevrolet Celebrity and Camaro, Pontiac 6000 and Trans Am, Oldsmobile Cutlass Ciera, Buick Century and a Cadillac Cimarron. There are also 1,325 alternate prizes of merchandise.

Some 41 million four-page color inserts will be placed in over 275 Sunday newspapers in the U. S. and Puerto Rico on Jan. 10, announcing the "GM Match and Win Sweepstakes."

Inserts will picture the new '82 GM cars, and 1,300 other prizes to be awarded plus an offer of a free atlas for test-driving an '82 GM car.

Each insert will have an official entry form and a number selected by computer while it is printed.

The winning numbers for new cars and other prizes will be posted in showrooms of nearly 11,000 GM car dealerships on Monday, Jan. 11. By taking the entry form to the dealership, the newspaper reader can determine instantly if he or she is a winner.

No test-drive is required to win.

Anyone who doesn't win instantly can deposit the entry form at the dealership for a "second-chance" drawing to be held after the Feb. 12 end of the sweepstakes in which all unclaimed prizes will be awarded.

Dealers will have entry forms similar to those in the newspaper insert so every showroom visitor from Jan. 11 to Feb. 12 can participate in the "second-chance" drawing.

Persons taking a test drive will receive a big Rand-McNally Road Atlas, mailed to their home. They do not have to enter the sweepstakes to get the Atlas.

There is no cost to enter the contest, and no cost to dealers.

Salesmen who take a customer winning a car in the sweepstakes on a demo ride receive $1,000 from GM.

Announcing the General Motors
MATCH AND WIN
SWEEPSTAKES
YOU MAY HAVE ALREADY WON ONE OF
15 NEW GM CARS;
Get Your FREE Rand McNally 1982 Road Atlas After You Take A Test Drive

'Match and Win' with GM

General Motors is running a four-page color insert in 275 Sunday newspapers Jan. 10, announcing its new month-long sweepstakes. The contest is designed to help build traffic for the new A-cars and F-cars, officially debuting Jan. 14.

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Lone Star donates limousine to Dallas

DALLAS.—Lone Star Cadillac has donated a Cadillac Fleetwood limousine to the city to use for a year.

Because of citywide belt-tightening, funds were not available to replace the city's six-year-old limousine. Lone Star came forward with an offer to donate a new Cadillac limousine to the city each year.